

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PORT A 00444 252209Z

12

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 L-02 STR-01 FCC-01 OTPE-00 AID-05

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 CEA-01 BIB-01 /073 W

----- 042915

R 252135Z FEB 75

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 9329

LIMITED OFFICIAL USE PORT AU PRINCE 0444

E. O. 11652: N/A

TAGS: EINV, ETEL, HA

SUBJECT: TELE-HAITI DISPUTE WITH GOH

REF: P-AU-P 0289; STATE 038538

1. DURING FEB 25- INTERVIEW WITH PRESIDENT DUVALIER I RAISED TELE-HAIT CASE, POINTING OUT U.S. PROPRIETORS FELT CONTRACT HAD BEEN BREACHED BY UNILATERAL GOH ACTION AND FACED SEVERE FINANCIAL PROBLEMS IN CONSEQUENCE.

2. I NOTED USG GOUND TO BE INTERESTED IN SETTLEMENT THIS CASE OWING LEGAL PROVISIONS DESIGNED PROTECT U.S. CITIZENS AGAINST UNCOMPENSATED EXPROPRIATORY ACTIONS, AND UNLESS THIS CONFLICT WERE SOON RESOLVED, HAITI'S REPUTATION WITH INVESTOR COMMUNITY WOULD SUFFER AND HAITI'S POSSIBLE INELIGIBILITY FOR GSP WOULD ARISE.

3. DUVALIER VARIOUSLY CONTENTED (A) ASSETS BARELY WORTH \$300,000, FAR LESS THAN ORIGINAL ASKING PRICE OF \$2.5 MILLION, EQUIPMENT LARGELY OBSOLESCENT OR IN POOR REPAIR; (B) TECHNICAL AND PROGRAMMING PERFORMANCE HAD BEEN SO INFERIOR TO ANYTHING APPROACHING FCC STANDARDS AS ALMOST TO CONSTITUTE NEGLECT OF CONTRACTURAL  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PORT A 00444 252209Z

OBLIGATIONS; (C) CURRENT INCOME FROM SUBSCRIBERS WAS SUBSTANTIAL

-- ABOUT \$750,000 ANNUALLY.

4. I CONTESTED ALL THESE POINTS, NOTING THAT EVEN GOH-SELECTED AUDITORS VALUED STATION AT \$750,000 BEFORE APPLYING ARBITRARY DEPRECIATION STANDARDS; (B) NEW U.S. OWNERS RECOGNIZED NEED FOR TECHNICAL AND PROGRAMMING IMPROVEMENTS, HAD ALREADY MADE GOOD PROGRESS THIS DIRECTION, BUT CREDIT CRUNCH RESULTING FROM LOSS OF MONOPOLY POSED MAJOR OBSTACLE TO REACHING THIS GOAL; (C) ANNUAL INCOME FROM SUBSCRIPTIONS WAS ONLY \$360,000 (6000 SUBSCRIBERS TIMES \$5 A MONTH FOR 12 MONTHS), AND ADVERTISING REVENUES NEGLIGIBLE THUS FAR.

5. SUMMING UP, I SAID THAT DISPUTES OVER CONTRACTUAL OBLIGATIONS INVOLVING GOH WERE NOT NEW PHENOMENON FOR HAITI. WHILE ORIGINAL TERMS OF ANY CONTRACT MIGHT IN TIME APPEAR UNSATISFACTORY TO GOH, NEGOTIATION AND MUTUAL AGREEMENT, NOT UNILATERAL ACTION, WAS PROPER REMEDY. ALLOWING SUCH CLAIMS, INCLUDING THAT OF DON PIERSON, TO DRAG ON WOULD ONLY COMPLICATE TASK OF THOSE USG OFFICIALS RESPONSIBLE FOR DEFENDING PROPOSED AID PROGRAMS WHO WOULD SOON BE TESTIFYING BEFORE CONGRESS. GOH WOULD BE WELL ADVISED TO CLEAR UP ALL SUCH CASES SYTMTEMATICALLY, PERHAPS USING INSTRUMENT OF PRESIDENT'S INVESTMENT COMMITTEE TO PROVIDE COHERENT POLICY GUIDELINES.

6. DUVALIER DENIED THAT THERE HAD EVER BEEN TO HIS KNOWLEDGE ANY CASY OF NATIONALIZATION IN HAITI. I OBSERVED THAT LAW COVERED CASES HAVING EXPROPRIATORY EFFECT.

7. IN CONCLUSION, DUVALIER SAID HE WOULD EXAMINE QUESTION WITH VIEW TO FINDING SOLUTION.

8. COMMENT: IT WAS NOT EASY TO MAKE DUVALIER UNDERSTAND NATURE OF BREACH OF CONTRACTUAL OBLIGATIONS IN THIS INSTANCE. HE CLEARLY FELT THAT GOH HAD BEEN ILL SERVED OR DECEIVED OVER THE YEARS BY TELE-HAITI-- A SITUATION HIGHLIGHTED LAST SUMMER WHNE TRANSMISSIONS OFMUNICH GAMES FROM EARTH SATELLITE STATION PROVED INFINITELY SUPERIOR TO THOSE OF TELE-HAITI. MORE MISSIONARY WORK WILL BE REQUIRE HERE, ALONG WITH DEMONSTRABLE TELE-HAITI GOODWILL IN IMPROVING TECHNICAL AND PROGRAMMING PERFORMANCE. WE SHALL CONTINUE TO PRESS FOR SOLUTION ON BASIS LATEST PROPOSAL FOR SUBSIDY/ LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PORT A 00444 252209Z

INDEMNIFICATION FOR LOSS OF MONOPOLY. AT SAME TIME WE SHALL URGE SYSTEMATIC SETTLEMENT OF SIMILAR CONTRACTUAL DISPUTES. SINCE GOH IS DRAFTING NEW INVESTORS' CODE, THIS MIGHT MAKE HAITIANS MORE RECEPTIVE TO SPECIFIC ACTIONS TO IMPROVE INVESTMENT CLIMATE. ISHAM

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LITIGATION, DISPUTES, NATIONALIZATION, TRADE LAW, DIPLOMATIC DISCUSSIONS, MONOPOLIES, BUSINESS FIRMS, CONTRACTS, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PORTA00444  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750067-0068  
**From:** PORT AU PRINCE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750215/aaaaamxl.tel  
**Line Count:** 112  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 P-AU-P, 75 0289, 75 STATE 038538  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 SEP 2003 by ellisoob>; APPROVED <10 SEP 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TELE-HAITI DISPUTE WITH GOH  
**TAGS:** EINV, ETEL, PINT, HA, US, TELEHAITI  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006